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Executive Summary

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Council on Virginia's Future 2007 Membership

The Honorable Timothy M. Kaine, Chairman
Governor, Commonwealth of Virginia

Mr. John O. (Dubby) Wynne, Vice Chairman
President & CEO (retired)
Landmark Communications

General Assembly Members

The Honorable Vincent F. Callahan, Jr.
Chairman, Appropriations Committee
Virginia House of Delegates

The Honorable John H. Chichester
President Pro Tempore
Chairman, Finance Committee
Senate of Virginia

The Honorable H. Morgan Griffith
Majority Leader
Virginia House of Delegates

The Honorable Franklin P. Hall
Minority Leader
Virginia House of Delegates

The Honorable William J. Howell
Speaker of the House
Virginia House of Delegates

The Honorable Richard L. Saslaw
Minority Leader
Senate of Virginia

The Honorable Walter A. Stosch
Majority Leader
Senate of Virginia

The Honorable William C. Wampler, Jr.
Member, Finance Committee
Senate of Virginia

Citizen & Business Community Members

Ms. Marjorie M. Connelly
COO & President, Business Services
Group
Wachovia Securities.

The Honorable William D. Euille
Mayor
City of Alexandria

Mr. W. Heywood Fralin
CEO & President
Medical Facilities of America, Inc.

Mr. James F. McGuirk, II
President
AKLM Consulting, Inc.

Dr. Edward G. Murphy
President & CEO
Carilion Health System

Mr. Michael J. Schewel
Partner
McGuireWoods LLP

Cabinet Members

The Honorable Aneesh P. Chopra
Secretary of Technology

The Honorable Jody M. Wagner
Secretary of Finance

Recap and Plans at a Glance

Recap: 2005 – 2006

Roadmap Development and Evaluation

- A project was launched to develop a performance website for use in policymaking, budget decision-making, issue analysis and monitoring progress against long-term, quantifiable objectives.
- A business climate survey was launched that will provide data for economy-related societal indicators.
- The Council held the first Futures Forum in November 2005 to engage the public in discussions about human capital development in the Commonwealth.
- A preliminary model was developed for regional ownership and commitment to improving regional results and performance. The model is being piloted in Roanoke and Hampton Roads.

Service Performance

- Agencies submitted strategic plans and service area plans in a consistent format and posted their plans on their websites.
- A link between agency plans and budgets was established to facilitate performance-based budgeting.
- All agencies identified key objectives and associated measures for use by the Governor to monitor service performance.
- *The Appropriation Act and Budget Document* were revised to reflect agency planning and performance measurement information and a new service structure.

Productivity Improvement

- Existing reengineering projects continued.
- Several new reengineering initiatives were launched and funded to improve state government efficiency and effectiveness.
- A proposal for an enterprise solutions group was developed. The group will develop new reengineering initiatives and promote productivity improvement across state agencies.

Plans at a Glance

Roadmap Development and Evaluation

- Roadmap Development and Evaluation
- Virginia Performs is launched and a communications campaign is begun to expand the website's role in promoting effective citizen engagement.
- Technical and data content development for the website, *Virginia Performs*, continues. Custom reporting capabilities are added. Long-term staffing and support are provided.
- Approaches for engaging the public in dialogue about Virginia's future will be studied, including alternative approaches for the Virginia Futures Forum.
- The regional pilots in Roanoke and Hampton Roads will continue.

Service Performance

- New key objectives and agency performance measures will be used to assess service performance and help make budget decisions.
- Additional training and technical assistance are provided to improve the overall system.
- Performance budgeting will be fully integrated into planning, decision-making and agency management processes.
- Government transparency will be improved as a result of the implementation of the performance website and posting of agency strategic plans on their websites.

Productivity Improvement

- \$3.5 million was provided in 2007 and \$1.0 million in 2008 for productivity improvement initiatives.
- Implementation begins on the enterprise solutions group initiative. The initiative contains a change management component, a productivity investment seed fund and a program to train high-potential employee 'fellows.'
- Additional enterprise efficiency and effectiveness projects are developed. These projects will focus on core business systems, operating efficiencies and reducing the time required for certain citizen- and business-government transactions.

Evaluation

- A Roadmap evaluation and improvement process will be developed.

Next Steps

The focus for 2007 will be on expanding use of the performance website, use of metrics at all levels for improving performance management, assessing the *Roadmap* and implementing new reengineering projects and a new approach to enterprise productivity improvement. A summary of next steps is presented on page 9. In addition to working group meetings, the full Council is scheduled to meet four times over the course of 2007.

Other Council Activities

The Council is also working on three activities related to the goals of the Council.

Futures Forum

The purpose of the futures forums is to foster dialogue on high-priority issues for Virginia's future and create a mechanism to address the issue at the regional level. The Council and its co-sponsors convened the inaugural forum on November 30, 2005 before an audience of 150 of Virginia's top leaders. The theme was *Competing in the 21st Century: Moving Virginia's Human Capital Meter*. The forum highlighted the critical importance of educational attainment and skills acquisition to economic prosperity and presented three approaches for developing the Commonwealth's human capital policies. The Council and its partners are now researching approaches for forums of this nature in order to adopt the best approach for future dialogue and citizen engagement.

Regional Pilots

While the state can drive many changes for the Commonwealth, regional ownership of many issues is vital. Thus, a process for facilitating change at a regional level is being developed and piloted in Roanoke and Hampton Roads. The process will address the following elements: how to set a vision for a region; how to use data for goal identification and strategy mapping; how to establish a results accountability system (metrics) for measuring and monitoring results; how to partner with a university/college for the provision of analyses necessary to create regionally-specific break out strategies for accomplishing goals; how to create a scorecard to critique results and movement towards the vision; and how to continuously improve performance.

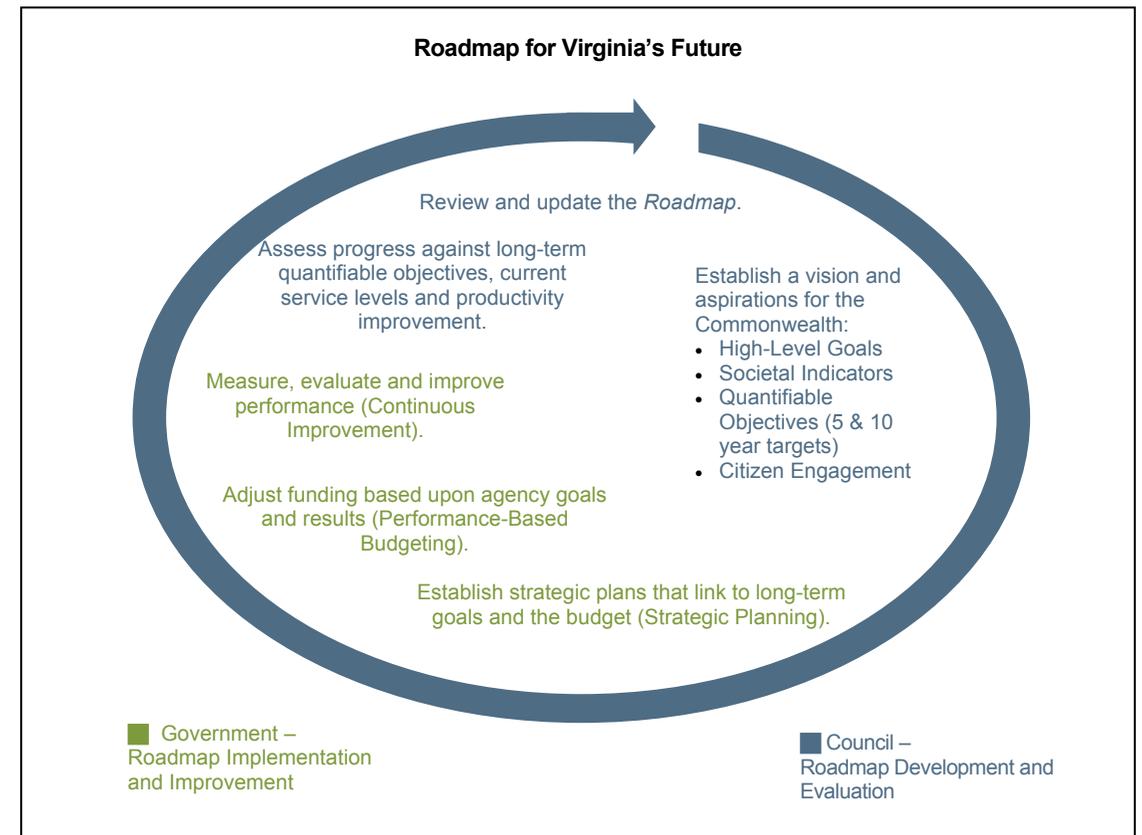
Business Climate Survey

The release of a business climate ranking published by Forbes presents an opportunity to review how a Virginia-specific qualitative survey can be combined with a nationally recognized data-driven index ranking to measure Virginia's business climate. An initial survey of businesses will provide an assessment of the current business climate and validate a framework for developing or selecting an existing index – such as the Forbes climate index – that could usefully track Virginia's business climate and help to identify key policy issues and opportunities for improvement. Person-to-person interviews will identify the business climate factors that are either critical to success or barriers to growth. The next step will be a broader survey to complete the definition of the Virginia business climate indicators.

Council on Virginia's Future

Background

The Council on Virginia's Future was established pursuant to House Bill 2097 of the 2003 General Assembly. The Council's purpose is to advise the Governor and the General Assembly on the implementation of the *Roadmap for Virginia's Future* process. The purpose encompasses several factors – providing a long-term focus on high priority issues, creating an environment for improved policy and budget decision-making, increasing government accountability and transparency, improving government performance and engaging citizens in dialogue about Virginia's future. The *Roadmap* is shown below. The vision and long-term goals are provided on page 2. The Council's annual report – *The Virginia Report* – provides a more comprehensive review of the Council's work.



Vision & Long-Term Goals

Vision for Virginia's Future

Building on a centuries-old heritage of leadership, achievement and commitment to the success of all its citizens, and with an abiding commitment to the rich historic and natural resources of this Commonwealth, we aspire to responsibly grow our economy to provide an enviable quality of life. To do so, we must ensure an attractive business environment, challenging and rewarding jobs reflective of a changing marketplace and strong growth in personal income throughout all regions in the Commonwealth.

We aspire to increase the levels of educational preparedness and attainment of our citizens throughout all regions in the Commonwealth because an educated, well-trained citizenry, committed to lifelong learning, provides the greatest opportunity to responsibly grow our economy.

We have a responsibility to be the best-managed state in the country. To do so, we must have a focused vision and a fiscally responsible system that provides clear, measurable objectives, outcomes and accountability and that attracts, motivates, rewards and retains an outstanding state workforce.

We aspire to have an informed and engaged citizenry so that our citizens can provide knowledgeable input to shape the vision of the Commonwealth, identify appropriate service levels and assess progress.

Long-Term Goals

- Be recognized as the best-managed state in the nation.
- Be a national leader in the preservation and enhancement of our economy.
- Elevate the levels of educational preparedness and attainment of our citizens.
- Inspire and support Virginians toward healthy lives and strong and resilient families.
- Protect, conserve and wisely develop our natural, historical and cultural resources.
- Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.
- Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

Scope of Work

Since 2003, Virginia has established a preliminary vision, broad goals to support the vision, a comprehensive performance information system and website and an updated strategic planning process that integrated four independent planning processes and provided a mechanism for state agencies to link their activities to the broad goals of the Council.

While continuation of the journey toward full implementation will require review and refinement of each element of the *Roadmap*, the future scope of work will be approached using the three components of the scorecard mandated in the Council's enabling legislation: roadmap development and evaluation (assessing progress against long-term objectives), productivity improvement and service performance (planning and budgeting). Core elements of these components are described in this report following the next section, which briefly describes the Council's high-level model for overall performance leadership for the Commonwealth.

A recap of the Council's recent accomplishments and an overview of the Council's work plan are provided on page 9.

- Longer-range tasks include on disseminating best practices for change management and continuous improvement, developing the appropriate management and change agent skills within the agencies, developing appropriate incentives, measuring progress and ensuring long-term alignment with strategic priorities.

Plans are in place to utilize the private sector in new ways in order to bring to bear the highest level of project development and management expertise available. An advisory group of private sector leaders, including members of the Council, will provide guidance for the overall effort. Where possible, private sector project management experts will be asked to help develop and initiate re-engineering projects.

Service Performance

A new planning and budgeting system, which was developed in 2004, continues to be refined and updated. The challenges of the old system included variation in how planning was done across agencies, differences in planning language and planning and budgeting processes that were not integrated. The Department of Planning & Budget (DPB) created a new service area structure to replace the program structure formerly used in the budget. The service area structure serves as the new "taxonomy" used for budgeting, accounting and planning. These and other changes produced a significant shift in how planning occurs at the agency level.

- All agencies have strategic plans and plans for each of the agency's service areas that provide programs to constituents or provide the management mechanisms to run the agency.
- Agency strategic plans follow a consistent format that includes information on the agency's mission, customer base, products and services, statutory authority and strategic goals. The agency strategic plan provides an executive progress report that highlights challenges, improvements and the agency's focus for the future.
- Service area plans provide the link to the budget. They outline the budget, objectives, measures, baseline performance and performance targets for the service area. This enables agency leaders and other decision makers to examine an agency's intentions and the budget allocated to support their achievement and make comparisons to reported results.
- Agency key objectives and targets were identified and refined in order to sharpen the enterprise view of progress on improving effectiveness, customer service and critical outcomes. Data on key objectives and measures are being added to *Virginia Performs* and will be updated quarterly, where appropriate.
- Ongoing training and technical assistance will help enhance the system and focus and improve its usefulness in budgeting and planning processes.
- The Management Scorecard, an evaluation of agency compliance and management practices, will be updated and published regularly.

Ongoing refinements of the planning and budgeting will continue and fall under the purview of the executive branch. The Council's role will be to assess progress and provide guidance for ongoing improvement.

Productivity Improvement

During the past four years, the Commonwealth has undertaken several projects aimed at improving efficiency and effectiveness. The first phase of projects targeted enterprise-level activities such as real estate management, receivables, IT infrastructure (VITA) and purchasing (eVA). In addition, the Council sponsored a number of agency-specific re-engineering efforts, including a new Amber Alert System for the State Police and a Recruitment Management System for the Department of Human Resources Management.

These initiatives, along with many ongoing agency-initiated improvement efforts, will eventually save the Commonwealth hundreds of millions of dollars in operating costs. While this is an impressive achievement, it will not be enough to offset rapidly rising costs driven by increasing personnel costs, especially health care expenses, entitlement spending and mandated expenditures and a growing population demanding improved services. To meet this challenge the Commonwealth needs to improve the way it manages its productivity improvement efforts.

The Governor and General Assembly recently directed that \$4.25 million be used for enterprise re-engineering, agency productivity improvement initiatives and results teams. To lead this charge, an enterprise solutions group (ESG) will surface cost saving projects and begin to shift the operating culture towards continuous performance improvement. The overall mission is to:

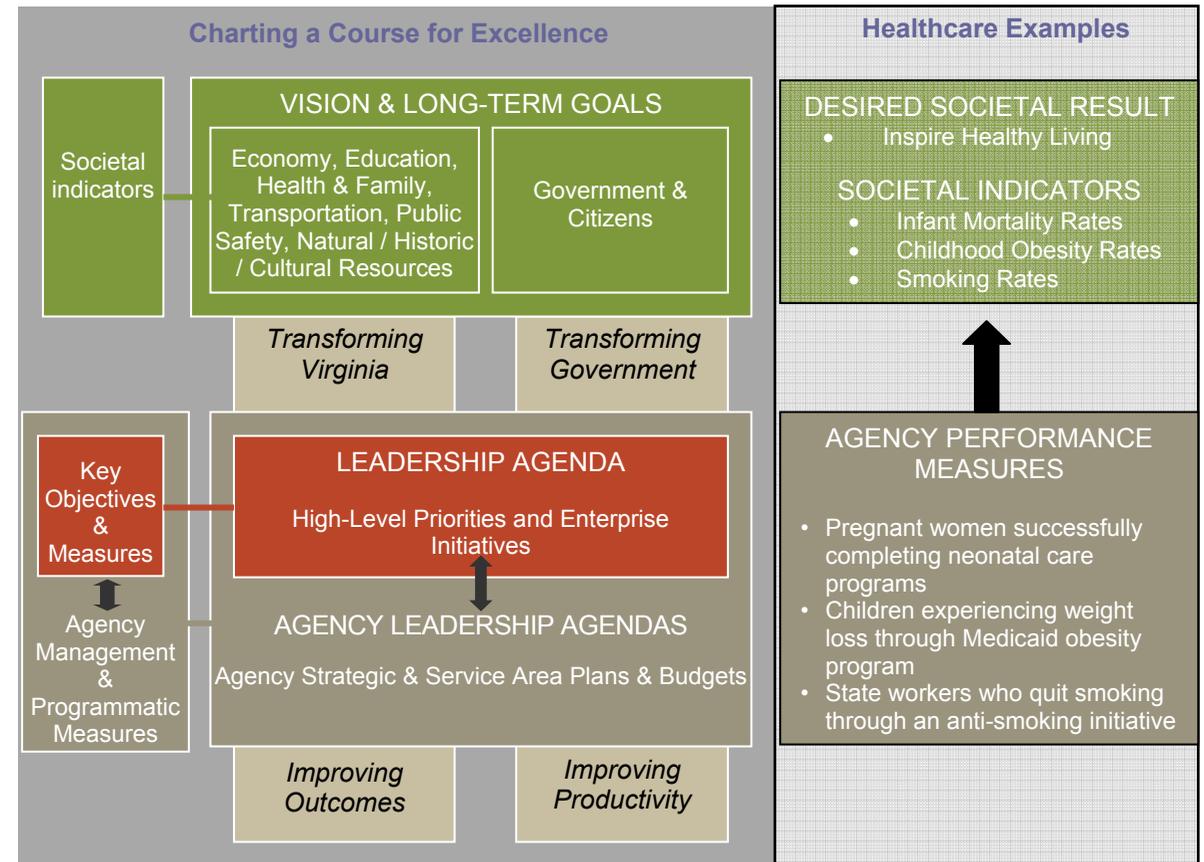
- Simplify government and foster initiatives to lower government operating costs.
- Reduce constituent transaction times and improve citizen access to government services.
- Advance the Governor's key agency performance objectives.
- Increase the competency of state leaders to manage both continuous improvement and complicated, multi-year change initiatives.

The solutions group will be staffed with two to three professionals in early 2007. They will be supported by 20 to 50 high-potential agency "Fellows" dedicating 15-20 percent of their time to group initiatives. A board comprised of the Secretary of Technology (Chair), the Secretary of Finance and the Secretary of Administration will provide oversight for the group and ensure a balanced portfolio (long- and short-term) and that initiatives are aligned with the Governor's priorities.

- Teams will be formed in early 2007 to determine the expected return on investment of an initial portfolio of IT projects derived from Gubernatorial priorities.
- A Productivity Investment Fund will be created, and a "request for information" will be distributed to agencies seeking to develop high-return efficiency and effectiveness projects. Funds will be distributed to projects meeting stringent risk and return criteria. The ESG will assign teams to support selected projects.
- An improved incentives program and financing vehicle will be proposed to allow agency 'gainsharing' on verified savings achieved through re-engineering initiatives.
- Agency-selected 'Fellows' will be identified and training will be provided to enable their participation in improvement projects and to further develop their leadership potential.

A Model for Performance Leadership

The diagram below describes a high-level model of performance leadership for Virginia's future. Performance leadership is a vision-driven, disciplined approach for encouraging collaboration, facilitating change, setting policies, making decisions and ensuring accountability for producing positive results for our citizens. It starts with a shared vision for Virginia that serves as a compass to guide state government decisions and to encourage collaboration for a better future. Long-term goals further define the vision by describing specific outcomes we wish to achieve. Defining where we want to go enables us to measure our progress. This information then facilitates alignment of resources with desired outcomes and accountability for achieving targets. Execution requires sound business and operating practices, including planning and budgeting processes, development of human resources, customer/client focus, methods for innovation and improvement and best practices for change management and project execution.



Roadmap Development and Evaluation: Virginia Performs

The Council has launched *Virginia Performs* (www.VAperforms.Virginia.Gov) to provide citizens, government and businesses with an easy-to-use portal to information and data about the Commonwealth and its localities, quality of life and plans for the future. This is a valuable tool for assessing Virginia's progress in implementing the Roadmap for Virginia's Future and for promoting citizen dialogue and engagement. The site allows users to explore Virginia's performance on approximately 50 societal indicators, including statewide, regional and local data.

Scorecard at a Glance

Economy

Goal: Be a national leader in the preservation and enhancement of our economy.

Indicators:

- Personal Income/Wages and Salaries ↑
- Poverty ↓
- Unemployment ↑
- Employment Growth ↑
- Workforce Quality →
- Business Climate ↑
- Business Startups ↑

Education

Goal: Elevate the levels of educational preparedness and attainment of our citizens.

Indicators:

- School Readiness →
- Third Grade Reading ↑
- Fourth Grade Reading & Math Achievement ↑
- High School Graduation ↑
- High School Dropout ↑
- College Graduation ↑
- Educational Attainment ↑
- Lifelong Learning →

Health & Family

Goal: Inspire and support Virginians toward healthy lives and strong and resilient families.

Indicators:

- Family**
- Adoption ↑
- Foster Care →
- Child Abuse & Neglect →
- Community Health**
- Teen Pregnancy ↓
- Obesity ↓
- Infant Mortality →
- Suicide →
- Health Insurance →
- Immunization ↑
- Cancer ↑
- Cardiovascular Disease ↑
- Smoking ↓
- Life Expectancy ↓

Public Safety

Goal: Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

Indicators:

- Crime →
- Juvenile Intakes ↑
- Recidivism (Adult & Juvenile) →
- Traffic Fatalities ↑
- Emergency Preparedness ↑

Natural, Historic & Cultural Resources

Goal: Protect, conserve and wisely develop our natural, historical and cultural resources.

Indicators:

- Air Quality ↑
- Water Quality →
- Solid Waste & Recycling →
- Land Preservation ↑
- Historic Resources →

Transportation

Goal: Ensure that Virginia has a transportation system that is safe, enables easy movement of people and goods, enhances the economy and improves our quality of life.

Indicators:

- Traffic Congestion ↓
- Infrastructure Condition ↓
- Land Use →

Government & Citizens

Goal: Be recognized as the best-managed state in the nation.

Indicators:

- Bond Rating →
- Taxation ↑
- Voter Registration & Turnout →
- Consumer Protection ↓
- Internet Access ↑

Virginia fourth graders exceed the national average in reading and math.

Indicator Page Content

- Why is This Important?
- How is Virginia Doing? Over time By Region Compared to other states
- What Influences the Indicator?
- What is the State's Role?

The system supports aggregation, comparison and analysis of the data over time, within geographic boundaries of the Commonwealth and with other states. It increases consistency in the way agencies report performance measures, links various levels of measurement for a particular issue, compares Virginia's results to other states and the national average and displays results by regions within Virginia. The system also allows users to view state agency performance data. Agencies will benefit from better performance data to support decision-making. The legislative and executive branches need such information for budgeting and oversight and the general public needs a more transparent view of government. The website will continue to be refined for better budget and policy decision-making.

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The Virginia Performs home page is presented below. The text box insets highlight the reporting and mapping capabilities built into the system. Agency-level performance data will be updated quarterly or as they become available. The societal indicator data are constantly under review and development. Additional reporting capabilities will be added in 2007.

Obtain a detailed demographic profile.

Create local and regional maps showing data on dozens of measures.

Get community-by-community reports on each indicator.

View state agencies' objectives and measures for programs and services.

Measuring Virginia

This website shows you how Virginia is doing in areas that affect quality of life for you and your family. Find out how the Commonwealth measures up, from region to region and compared to other states.

Instantly see how Virginia is measuring up in crucial areas.

View state agencies' objectives and measures for programs and services.

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